

Presented to the Court by the foreman of the
Grand Jury in open Court, in the presence of
the Grand Jury and FILED in the U.S.
DISTRICT COURT at Seattle, Washington.

December 17 2019
WILLIAM M. McCOOL, Clerk
By *Adolph Sanft* Deputy

UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

UNITED STATES OF AMERICA,

Plaintiff,

v.

LOUIE SANFT,
JOHN SANFT, and
SEATTLE BARREL AND COOPERAGE
COMPANY,

Defendants.

CR N **CR19-258** RAJ
INDICTMENT

The Grand Jury charges that:

COUNT 1
(Conspiracy)

At all times relevant to this Indictment:

A. Background

1. **SEATTLE BARREL, LOUIE SANFT, AND JOHN SANFT**

1. SEATTLE BARREL AND COOPERAGE COMPANY ("SEATTLE
BARREL") was a Seattle-based company that supplied industrial drums to businesses.
LOUIE SANFT operated and controlled SEATTLE BARREL. SEATTLE BARREL was
a general partnership owned by Adolph Sanft, Inc. and Louie Sanft, LLC, both of which

1 were owned by LOUIE SANFT. JOHN SANFT was SEATTLE BARREL's plant
2 manager.

3 2. SEATTLE BARREL's business involved collecting used industrial and
4 commercial drums (typically 55-gallon drums) from businesses; reconditioning the
5 drums; and then re-selling them to other businesses. Part of the reconditioning process
6 involved submerging the drums in a 300-gallon wash tank (hereafter the "Caustic Tank")
7 filled with a highly corrosive chemical solution (hereafter the "Caustic Solution"). The
8 pH level of the Caustic Solution typically exceeded 12, and sometimes exceeded 12.5,
9 thereby qualifying as a hazardous waste under 40 C.F.R. § 261.22(a).

10 3. The reconditioning process left behind residue in the Caustic Solution. As
11 a result, it was necessary periodically to clean the Caustic Tank by draining the used
12 Caustic Solution from the Caustic Tank. SEATTLE BARREL's Caustic Tank was
13 originally designed with the intention that the Caustic Solution would be discharged into
14 the King County sewer. As LOUIE SANFT and JOHN SANFT knew, SEATTLE
15 BARREL never developed a means of treating or lawfully disposing of the Caustic
16 Solution on site.

17 **2. SEATTLE BARREL's Clean Water Act Permit**

18 4. SEATTLE BARREL operated under a wastewater discharge permit issued
19 by the King County Industrial Waste Program ("KCIW"). The permit provided that
20 SEATTLE BARREL could discharge industrial wastewater to the King County sewer
21 system only in accordance with certain "pretreatment standards." Pretreatment standards
22 are designed to ensure that industrial users discharge into the sewer system only
23 wastewater that will not damage the sewer system, and which the wastewater treatment
24 system can effectively process and treat.

25 5. King County (formerly the Municipality of Metropolitan Seattle), has been
26 an approved pretreatment program under the Clean Water Act since 1981. 33 U.S.C. §
27 1342(a)(3) and (b)(8); 51 Fed. Reg. 36806-01. As such, the pretreatment standards

1 implemented by King County are federally enforceable and fall within the jurisdiction of
2 the United States Environmental Protection Agency. 40 C.F.R. § 403.5(c) & (d). The
3 Clean Water Act provides that it is unlawful to operate a source such as SEATTLE
4 BARREL in violation of a pretreatment standard. 33 U.S.C. § 1317(d). The King
5 County pretreatment program prohibits any industrial user from discharging industrial
6 waste into the metropolitan sewer system without a discharge permit. King County
7 Code, Section 28.84.060(J)(1).

8 6. Since at least 2009, SEATTLE BARREL's discharge permit has prohibited
9 SEATTLE BARREL from discharging into the sewer system any wastewater with a pH
10 level greater than 12. Fluids with a pH level in excess of 12 have the capacity to corrode
11 and otherwise damage the sewer system and treatment plants, thereby causing the pass-
12 through of pollutants to the treatment system and into receiving waterways, including the
13 Duwamish River and the Puget Sound.

14 **3. 2013 Covert Monitoring**

15 7. On October 29, 2012, a KCIW employee observed JOHN SANFT dumping
16 oily material into the sewer in violation of its permit. KCIW issued a Penalty and
17 Compliance Order imposing financial penalties against SEATTLE BARREL.

18 8. KCIW then conducted covert monitoring of SEATTLE BARREL's
19 discharges to the sewer system. The monitoring, which took place during various periods
20 between February 2013 and August 2013, revealed that SEATTLE BARREL was
21 regularly violating its permit by discharging wastewater in excess of pH 12 into the sewer
22 system. The monitoring further revealed that, at times, SEATTLE BARREL had
23 discharged hazardous wastewater with a pH of 12.5 or higher.

24 9. Based on these findings, on March 10, 2014, KCIW issued a Penalty and
25 Compliance Order finding that SEATTLE BARREL had repeatedly violated its permit
26 by, *inter alia*, discharging wastewater with a pH in excess of 12 into the sewer system.
27 The Order specified a total of 36 violations occurring on 11 different days. KCIW fined

1 SEATTLE BARREL \$55,250 for these violations, and ordered Seattle Barrel to install a
2 wastewater pretreatment system to avoid future violations. KCIW later reduced the fine
3 to \$17,225 in recognition of the cost that SEATTLE BARREL was expected to incur
4 installing the wastewater pretreatment system.

5 10. In addition, on September 2014, KCIW issued a new discharge permit ("the
6 Renewed Permit") to SEATTLE BARREL. The Renewed Permit contained additional
7 requirements intended to prevent SEATTLE BARREL from discharging Caustic Solution
8 into the sewer. The Renewed Permit: (1) expressly prohibited SEATTLE BARREL
9 from discharging the Caustic Solution into the sewer system; (2) prohibited SEATTLE
10 BARREL from discharging any wastewater into the sewer system unless the wastewater
11 was first routed through an approved wastewater pretreatment system and subjected to
12 sampling; and (3) required SEATTLE BARREL to submit to KCIW monthly self-
13 monitoring reports disclosing any discharges to the sewer system.

14 11. SEATTLE BARREL installed a pretreatment system in or about August
15 2016. The pretreatment system was not designed to process Caustic Solution, and was
16 never used for that purpose. Following the pretreatment system's installation, LOUIE
17 SANFT represented to KCIW that the pretreatment system allowed SEATTLE BARREL
18 to re-use all of its wastewater on site, and that the facility had therefore become a "zero
19 discharge" facility, obviating the need to sample any discharges. Beginning in September
20 2016, LOUIS SANFT regularly represented to KCIW that SEATTLE BARREL was not
21 discharging industrial wastewater of any kind to the sewer system.

22 **4. 2018-2019 Covert Monitoring**

23 12. During a November 2017 inspection of SEATTLE BARREL, a KCIW
24 inspector observed irregularities regarding SEATTLE BARREL's handling of
25 wastewater. Following that inspection, the Environmental Protection Agency Criminal
26 Investigative Division ("EPA-CID") conducted additional covert monitoring of
27 SEATTLE BARREL's discharges into the sewer system.

1 13. The covert monitoring took place over three periods: April and May 2018,
2 September and October 2018, and February and March 2019. Like the 2013 monitoring
3 results, the 2018 and 2019 monitoring results showed that SEATTLE BARREL was
4 regularly discharging wastewater in excess of pH 12 to the sewer system. During this
5 entire period, LOUIE SANFT and SEATTLE BARREL had represented to KCIW that
6 SEATTLE BARREL was not discharging *any* industrial wastewater—much less
7 wastewater with a pH exceeding 12—to the sewer.

8 14. On the morning of March 8, 2019, EPA-CID conducted real-time pH
9 monitoring of SEATTLE BARREL's wastewater discharge. At approximately 6:18 am,
10 the monitoring equipment indicated that SEATTLE BARREL had begun discharging
11 high-pH wastewater into the sewer. EPA-CID agents then executed a search warrant at
12 the SEATTLE BARREL facility. Agents discovered a portable pump coated with high-
13 pH liquid on the floor near the Caustic Tank. A SEATTLE BARREL employee admitted
14 he had been using the pump to discharge the Caustic Solution into a hidden drain that had
15 not previously been disclosed to KCIW, and which led directly to the King County sewer.

16 **B. The Conspiracy**

17 15. Beginning at a time unknown, but no later than August 2009, and
18 continuing until at least September 24, 2019, at Seattle, within the Western District of
19 Washington, and elsewhere, LOUIE SANFT, JOHN SANFT, SEATTLE BARREL, and
20 others, agreed that SEATTLE BARREL would secretly and regularly discharge Caustic
21 Solution, a liquid with a pH greater than 12, from the 300-gallon Caustic Tank into the
22 King County sewer system in violation of SEATTLE BARREL's discharge permit. The
23 defendants agreed that SEATTLE BARREL would cause the discharge by, *inter alia*,
24 using a portable pump and hose to pump the Caustic Solution from the Caustic Tank to a
25 hidden drain leading directly to the sewer. LOUIE SANFT, JOHN SANFT, SEATTLE
26 BARREL, and others, further agreed to conceal this practice, and the existence of the
27 hidden drain, from regulators such as KCIW.

16. By entering into the foregoing agreement, LOUIE SANFT, JOHN SANFT, and SEATTLE BARREL, together with others known and unknown to the grand jury, did knowingly conspire, confederate and agree, together and with each other, to:

a. Knowingly own and operate, and cause to be operated, a source, in violation of an approved local pretreatment program in violation of the Clean Water Act, Title 33, United States Code, Section 1319(c)(2)(A);

b. Knowingly make, and cause to be made, material false statements in documents required to be filed under the Clean Water Act, in violation of Title 33, United States Code, Section 1319(c)(4);

c. Knowingly and willfully falsify, conceal, or cover up, by any trick, scheme or device, a material fact within the jurisdiction of the United States Environmental Protection Agency in violation of Title 18, United States Code, Section 1001(a)(1); and

d. Knowingly and willfully defraud the United States concerning its governmental functions and rights, that is, the right of the Environmental Protection Agency to have its business and its affairs conducted free of fraud, improper influence, dishonesty, unlawful impairment, and obstruction.

C. Manner and Means

It was part of the conspiracy that:

17. LOUIE SANFT and JOHN SANFT directed SEATTLE BARREL employees, including a SEATTLE BARREL employee known to the grand jury as "Person 1," to secretly and regularly discharge SEATTLE BARREL's Caustic Tank, which contained Caustic Solution with a pH level exceeding 12, and sometimes exceeding 12.5, into the King County sewer system.

18. LOUIE SANFT and SEATTLE BARREL submitted to KCIW Wastewater Discharge Permit Applications on which they falsely represented that the only wastewater SEATTLE BARREL discharged to the sewer was "rinse water" and "steam."

1 Defendants further falsely represented on the applications that SEATTLE BARREL
2 disposed of the Caustic Solution by taking it to a disposal facility, when in fact
3 SEATTLE BARREL discharged most of its Caustic Solution into the King County sewer
4 system.

5 19. LOUIE SANFT and JOHN SANFT made false oral and written statements
6 to KCIW, EPA-CID, and others, about the means by which SEATTLE BARREL was
7 disposing of its Caustic Solution. At various points in time, LOUIE SANFT and JOHN
8 SANFT stated that the solution was: (a) taken off site to a disposal facility; (b) sent to
9 SEATTLE BARREL's evaporator, where it was evaporated; (c) evaporated from the
10 Caustic Tank; or (d) processed through SEATTLE BARREL's onsite pretreatment
11 system.

12 20. After KCIW confronted LOUIE SANFT with the findings of its 2013
13 covert monitoring activities, LOUIE SANFT lied to, misled, and otherwise deceived,
14 KCIW about the cause of the high-pH discharges. LOUIE SANFT falsely represented to
15 KCIW and other regulators that the high-pH discharges were the result of an oversight
16 involving inadvertent blowdowns from SEATTLE BARREL's boilers, and that
17 SEATTLE BARREL had "permanently resolved" the issue causing the high-pH
18 discharges by installing an automated boiler system. In fact, as LOUIE SANFT well
19 knew, the discharges were the result of SEATTLE BARREL employees discharging
20 Caustic Solution into the sewer, as LOUIE SANFT and JOHN SANFT had directed them
21 to do.

22 21. LOUIE SANFT and SEATTLE BARREL concealed from, and failed to
23 disclose to KCIW, the existence of a hidden drain leading directly from the SEATTLE
24 BARREL facility to the sewer, despite the KCIW order requiring that SEATTLE
25 BARREL only discharge wastewater through a single drain connected to the pretreatment
26 system. When KCIW directed SEATTLE BARREL to seal a similar drain because the
27 drain could be used to circumvent the wastewater system and otherwise violate

1 SEATTLE BARREL's permit, LOUIE SANFT and SEATTLE BARREL failed to seal
2 the hidden drain or to disclose its existence to KCIW.

3 22. Following the imposition of the 2014 Penalty and Compliance Order, and at
4 the direction of LOUIE SANFT, JOHN SANFT, and SEATTLE BARREL, SEATTLE
5 BARREL employees, including Person 1, continued to discharge the contents of the
6 Caustic Tank directly into the King County sewer system. Specifically, the employees
7 used a portable pump and hose to pump the Caustic Solution into the hidden drain,
8 thereby circumventing the wastewater treatment system, as well as the system's sampling
9 and monitoring device. LOUIE SANFT told Person 1 to watch out for regulators prior to
10 activating the pump. On some occasions, JOHN SANFT assisted with using the pump or
11 with looking out for regulators.

12 23. LOUIE SANFT further misled KCIW by stating that SEATTLE BARREL
13 had installed a "zero discharge" wastewater pretreatment system at SEATTLE BARREL
14 and that, as a result, SEATTLE BARREL was not discharging wastewater of any kind
15 into the sewer. LOUIE SANFT represented that the pretreatment system allowed
16 SEATTLE BARREL to re-use all of its wastewater, thereby eliminating the need for
17 SEATTLE BARREL to discharge any wastewater into the sewer, and further eliminating
18 the need for SEATTLE BARREL to take samples of any discharge.

19 **D. Overt Acts**

20 24. In furtherance of the conspiracy, and to accomplish one or more of its
21 objects, LOUIE SANFT, JOHN SANFT, SEATTLE BARREL, and others known and
22 unknown to the grand jury, undertook, and caused to be undertaken, one or more of the
23 following overt acts at Seattle, within the Western District of Washington:

24 a. At the direction of LOUIE SANFT and JOHN SANFT, SEATTLE
25 BARREL employees, including Person 1, discharged the contents of the 300-gallon
26 Caustic Tank into the King County sewer on a regular basis, and at least approximately
27 once per week. By way of example, Person 1 caused discharges in excess of 12 pH on
28 April 20, 2018, October 18, 2018, and March 8, 2019.

1 b. Each month between September 2016 and March 2019, LOUIE
2 SANFT completed and mailed to KCIW monthly Self-Monitoring Reports on which
3 LOUIE SANFT represented that SEATTLE BARREL had not discharged any
4 wastewater to the sewer during the preceding month. By way of example, LOUIE
5 SANFT completed Self-Monitoring Reports on or about October 13, 2017, May 11,
6 2018, October 15, 2018, and November 14, 2018. The reports represented that
7 SEATTLE BARREL had not discharged any industrial wastewater during September
8 2017, April 2018, September 2018, and October 2018, respectively.

9 c. During a November 28, 2017, KCIW inspection, LOUIE SANFT
10 falsely told KCIW that, to clean the Caustic Tank, SEATTLE BARREL would evaporate
11 the Caustic Solution in the tank and then clean out the solids. He stated the evaporation
12 process took one day.

13 d. On March 8, 2019, LOUIE SANFT participated in an interview with
14 Special Agents from EPA-CID. LOUIE SANFT falsely told the agents that SEATTLE
15 BARREL's only discharge point to the sewer was via the wastewater treatment system,
16 despite being fully aware of the existence and use of the facility's hidden drain. Further,
17 LOUIE SANFT falsely told EPA CID agents that he was unaware of any discharges from
18 the Caustic Tank to the sewer in the last year. LOUIE SANFT also falsely told the agents
19 that Seattle Barrel disposed of liquid from the Caustic Tank by allowing most of the
20 liquid in the tank to evaporate and potentially routing remaining liquid to the wastewater
21 treatment system.

22 e. JOHN SANFT likewise participated in an interview with EPA-CID
23 Special Agents on March 8, 2019. JOHN SANFT repeatedly made the false statement
24 that there were no drains to the sewer at the SEATTLE BARREL facility other than the
25 drain from the wastewater treatment system. JOHN SANFT also falsely stated that
26 SEATTLE BARREL disposed of the Caustic Solution by evaporating it from the tank.

27 f. On September 24, 2019, at the invitation of LOUIE SANFT and
28 SEATTLE BARREL, representatives of EPA-CID attended a site visit at SEATTLE
BARREL to gather information for an ongoing grand jury investigation. LOUIE SANFT
knew of the existence of the grand jury investigation, and further knew that the
investigation concerned LOUIE SANFT's conduct regarding, and knowledge of, the
discharges of Caustic Solution into the sewer system. In an effort to corruptly obstruct,
influence and impede the grand jury's investigation, LOUIE SANFT directed an agent
with authority to speak on his behalf to falsely represent to the EPA that LOUIE SANFT
had believed, during the period prior to March 8, 2019, that SEATTLE BARREL was
disposing of the Caustic Solution by evaporating it with SEATTLE BARREL's
evaporator.

All in violation of Title 18, United States Code, Section 371.

COUNTS 2-30

(Violations of the Clean Water Act)

25. The Grand Jury incorporates Paragraphs 1-24 as if fully set forth herein.

26. On or about the dates identified below, at Seattle, within the Western District of Washington, and elsewhere, LOUIE SANFT, JOHN SANFT, and SEATTLE BARREL knowingly violated a requirement imposed in a pretreatment program approved under the Clean Water Act, by causing the discharge of industrial wastes in violation of SEATTLE BARREL's discharge permit by pumping Caustic Solution to the King County sewer system via the hidden drain. Each of the following examples of defendants' discharges constitutes a separate count of this Indictment:

Count	Date of Discharge
2	April 16, 2018
3	April 20, 2018
4	April 21, 2018
5	April 26, 2018
6	April 28, 2018
7	April 30, 2018
8	September 20, 2018
9	September 21, 2018
10	September 24, 2018
11	September 26, 2018
12	September 28, 2018
13	October 1, 2018
14	October 2, 2018
15	October 4, 2018
16	October 5, 2018
17	October 9, 2018
18	October 10, 2018
19	October 12, 2018
20	October 15, 2018
21	October 18, 2018
22	October 19, 2018
23	October 22, 2018

Count	Date of Discharge
24	October 24, 2018
25	February 15, 2019
26	February 18, 2019
27	February 20, 2019
28	February 25, 2019
29	March 1, 2019
30	March 8, 2019

All in violation of Title 33, United States Code, Section 1319(c)(2)(A) and Section 1317, and Title 18, United States Code, Section 2.

COUNTS 31-34

(Submission of False Clean Water Act Certifications)

27. The Grand Jury incorporates Paragraphs 1-24 as if fully set forth herein.

28. On or about the dates set forth below at Seattle, within the Western District of Washington, and elsewhere, LOUIE SANFT, JOHN SANFT, and SEATTLE BARREL did willfully and knowingly make, and cause to be made, materially false statements in documents required to be filed under the Clean Water Act and the regulations promulgated thereunder, in that LOUIE SANFT prepared and submitted Self-Monitoring Reports to the King County Industrial Waste Program, which reports falsely represented that SEATTLE BARREL had not discharged wastewater to the sewer during the preceding months when, as the defendants well knew, SEATTLE BARREL employees had caused Caustic Solution to be discharged into the King County Sewer system. Each of the following examples of defendants' fraudulent submissions constitutes a separate count of this Indictment:

Count	Date	False Certification
31	October 13, 2017	Zero Discharge for September 2017 (except for equipment testing)
32	May 11, 2018	Zero Discharge for April 2018
33	October 15, 2018	Zero Discharge for September 2018
34	November 14, 2018	Zero Discharge for October 2018

All in violation of Title 33, United States Code, Section 1319(c)(4) and Title 18, United States Code, Section 2.

COUNT 35

(False Statement to the United States)

29. The Grand Jury incorporates Paragraphs 1-24 as if fully set forth herein.

30. On or about March 8, 2019, at Seattle, within the Western District of Washington, and elsewhere, LOUIE SANFT and SEATTLE BARREL did willfully and knowingly make, and cause to be made, a materially false, fictitious, and fraudulent statement in a matter within the jurisdiction of the Environmental Protection Agency. Specifically, LOUIE SANFT represented to an EPA-CID Special Agent that SEATTLE BARREL disposed of its Caustic Solution by evaporating it from the Caustic Tank.

All in violation of Title 18, United States Code, Section 1001(a)(2) and Section 2.

COUNT 36

(False Statement to the United States)

31. The Grand Jury incorporates Paragraphs 1-24 as if fully set forth herein.

32. On or about March 8, 2019, at Seattle, within the Western District of Washington, and elsewhere, JOHN SANFT and SEATTLE BARREL did willfully and knowingly make, and cause to be made, a materially false, fictitious, and fraudulent statement in a matter within the jurisdiction of the Environmental Protection Agency. Specifically, JOHN SANFT represented to an EPA-CID Special Agent that JOHN

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1 SANFT was not aware of any open drains leading from the SEATTLE BARREL facility
2 to the King County sewer system.

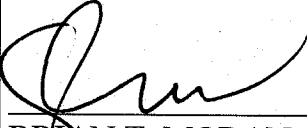
3 All in violation of Title 18, United States Code, Section 1001(a)(2) and Section 2.
4

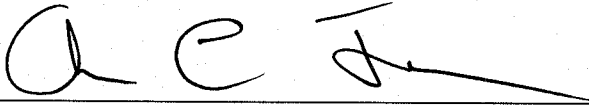
5 A TRUE BILL:

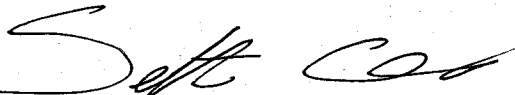
6 DATED: 12-17-2019
7

8 *[Signature of Foreperson redacted pursuant*
9 *to the policy of the Judicial Conference of*
10 *the United States]*

11 FOREPERSON

12 
13 BRIAN T. MORAN
14 United States Attorney

15 
16 ANDREW C. FRIEDMAN
17 Assistant United States Attorney

18 
19 SETH WILKINSON
20 Assistant United States Attorney

21 
22 KARLA PERRIN
23 Special Assistant United States Attorney